

VIA OVERNIGHT AND REGULAR DELIVERY



June 20, 2004

Kristi Izzo, Secretary
State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

**RE: I/M/O APPROPRIATE UTILITY FUNDING ALLOCATION FOR THE
2004 CLEAN ENERGY PROGRAM AND I/M/O COMPREHENSIVE
ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE
ANALYSIS**

**BPU DOCKET NO: EX03110945
BPU DOCKET NO: EX04040276**

Dear Secretary Izzo:

On June 2, 2004 the Company filed its comments in response to the Board's Order dated May 7, 2004, in the above matter, directing the seven electric and gas utilities respond to the following issues within thirty (30) days of the date of the Order:

1. What is the current amount being collected in rates for each gas and electric utility: for the Clean Energy Program; and for legacy programs?
2. How should funds be allocated across the gas and electric utilities in the state for Clean Energy programs?
3. Provide suggestions on how funding for new programs can be generated through the reallocation of funds from the expiration of past standard offer or similar commitments as set forth in N.J.S.A. 48:3-60a (3).

In addition, the Company has since reviewed the filed written comments and those comments submitted at the June 8, 2004 Public Statement Hearing by the other parties to this proceeding. This letter is specifically in response and in opposition to the Public Service Electric and Gas ("PSEG") proposal to include their multi-year Standard Offer contracts and other such similar programs in establishing the overall program funding level for the New Jersey Clean Energy Programs. We are in support of the comments presented at the Public Hearing by the Ratepayer Advocate witness, Mr. Nichols and the comments filed by Rockland Electric Company, dated June 14, 2004 in opposition to the inclusion of such Standard Offer program costs. Finally, and most importantly, the inclusion of these programs would create a significant increase to the overall statewide program funding and costs to our ratepayers. In our comments filed on June 3, 2004 we indicated that Conectiv does not have any specific recommendations regarding this matter other than to note that any such methodology adopted to address this issue should not have any direct negative impact on Conectiv's overall Clean Energy Program funding allocation or SBC/DSM rate.

Honorable Kristi Izzo, Secretary
State of New Jersey
Board of Public Utilities
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Communications and correspondence regarding this matter should be directed to the Company to the following individuals at the following addresses:

Roger E. Pedersen
Conectiv Regulatory Affairs
5100 Harding Highway
Mays Landing, NJ 08330

Randall V. Griffin
Pepco Holdings, Inc.
800 King Street, P.O. Box 231
Wilmington, DE 19899

Thank you for your attention to this matter.

Sincerely,

Roger E. Pedersen

cc: Michael Winka, Director, NJBPU – Office of Clean Energy
Nusha Wyner, Director, Division of Energy
Service List
Internal Distribution